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DE RUEHAN #0136 0501041  
ZNR UUUUU ZZH  
R 191041Z FEB 08  
FM AMEMBASSY ANTANANARIVO  
TO RUEHC/SECSTATE WASHDC 0983  
INFO RUEHKU/AMEMBASSY KUWAIT 0002  
RUEHEG/AMEMBASSY CAIRO 0023  
RHMFIUU/CJTTF HOA  
RUEHZO/AFRICAN UNION COLLECTIVE  
RHEHNSC/NSC WASHDC  
RUEAIIA/CIA WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEKDIA/DIA WASHDC

UNCLAS ANTANANARIVO 000136

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DEPT FOR AF/E, AF/FO AND NEA

E.O. 12958: N/A

TAGS: [PREL](#) [EINV](#) [EAID](#) [KU](#) [CN](#)

SUBJECT: KUWAIT FM IN COMOROS TO DISCUSS INVESTMENT

¶1. SUMMARY: Kuwait's Foreign Minister visited the Union of the Comoros February 16-17 to meet Union President Ahmed Abdallah Sambi and to discuss Kuwaiti investments. END SUMMARY.

¶2. Mohamed Mohamed Al-Sharji, Kuwait's Ambassador in Cairo accredited to the Comoros, told EmbOff that Kuwaiti Foreign Minister Sheikh Mohammed Sabah Al Salim Al Sabah was welcomed by thousands of Comorans in the northernmost tip of Grande Comore, site of a planned "tourist village" by Kuwaiti investors. On his first visit to this tiny Muslim democracy, the Minister held talks with Comoran President Sambi about Kuwaiti investments and bilateral assistance. FM Mohamed Sabah reportedly committed USD 3.5 million in Kuwaiti development finance to build a new road along Grande Comore's west coast from Moroni to the north.

Comoro Gulf Holdings

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¶3. Kuwait Holdings has incorporated in the Comoros as "Comoro Gulf Holdings" (CGH) and obtained licenses for investments in five sectors: hotels, telecommunications, banking, port construction, and aviation. According to their managers, CGH has customs exonerations for all equipment imports needed for the various projects. Ten expatriate CGH staff are already in Moroni, due to expand to fifty during 2008. They oversee the ongoing rehabilitation and expansion of the Itsandra Hotel, one of two "international" standard establishments in Grande Comore.

¶4. Over the coming months, the CGH bank will become operational and work will continue at the Itsandra Hotel. Given Moroni's port is shallow and inadequately equipped, CGH will also work to extend the quays out to a depth of 12 meters and install infrastructure. A business manager, ten technicians, and two engineers arrive February 18 to begin establishing the new cell phone company.

¶5. Eventually, CGH plans to acquire several regional-range aircraft to initiate new routes and connections. The new Chinese-built terminal at Moroni's airport is due to open in March. Noting frequencies from Gulf States to the Comoros are inconvenient (unless you enjoy a private jet like the Foreign Minister), CGH hopes to establish the airline to serve its prospective tourist market. The crown jewel of CGH's investment in the Comoros is a "tourist village" to be established at the northern tip of Grande Comore, around a crater lake on the sea. Complete with bungalows, shops, attractions, and even a golf course, the resort would employ thousands in construction and hundreds in operation.

¶6. COMMENT: Union officials have touted the CGH investment as evidence the government can promote economic development. If completed, the projects described would dramatically change the

landscape and economy of Grande Comore; and if successful, CGH already plans to expand to Anjouan and Moheli. Naysayers and skeptics abound among private Comorans and the diplomatic corps, who perhaps have seen the country deteriorate too long to imagine it can recover. Even pessimists, however, took note of the Foreign Minister's visit, imagining he would not come all this way for nothing. With the eventual resolution of the ongoing Anjouan question and durable stability in the Comoros, CGH could well serve as an anchor investment to be followed by others. END COMMENT.

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